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RICHLAND TOWNSHIP

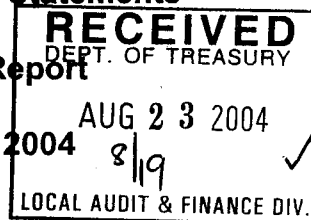
Montcalm County, Michigan

Annual Financial Statements

and

Auditors' Report

March 31, 2004

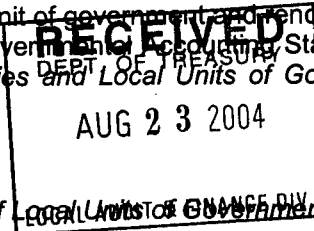


AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name RICHLAND TOWNSHIP	County MONTCALM
Audit Date MARCH 31, 2004	Opinion Date JUNE 8, 2004	Date Accountant Report Submitted to State: AUGUST 18, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
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The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) YEO & YEO PC			
Street Address 7810 NORTH ALGER ROAD	City ALMA	State MI	ZIP 48801
Accountant Signature <i>Jamie Rivett</i>			

RICHLAND TOWNSHIP

**Annual Financial Statements
and
Auditors' Report
March 31, 2004**

Township Officials

Tom Wright

Supervisor

Susan Brantley

Clerk

Betty Packer

Treasurer

Jack Throop

Trustee

Dennis Wright

Trustee

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Independent Auditors' Report

Township Board
Richland Township
Montcalm County, Michigan

We have audited the accompanying general purpose financial statements of Richland Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Richland Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township has not maintained a record of its general fixed assets and, accordingly, the general purpose financial statements referred to above do not include the General Fixed Asset Account Group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Assets Account Group is not known.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Richland Township as of March 31, 2004, and the results of its operations and the cash flows of its trust fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Richland Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
June 8, 2004

Richland Township
Combined Balance Sheet
All Funds
March 31, 2004

	Governmental Funds		Fiduciary Funds		Totals (Memorandum only)
	General	Special Revenue	Perpetual Care Nonexpendable Trust Fund	Tax Collection Fund	
Assets					
Cash and cash equivalents	\$ 202,898	\$ 188,006	\$ 14,209	\$ 71	\$ 405,184
Accounts receivable	-	1,640	-	-	1,640
Special assessments	10,945	-	-	-	10,945
Taxes receivable	8,441	41,360	-	-	49,801
Due from state	44,660	-	-	-	44,660
Due from tax collection fund	71	-	-	-	71
Due from employees	483	425	-	-	908
Total assets	\$ 267,498	\$ 231,431	\$ 14,209	\$ 71	\$ 513,209
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ 3,222	-	-	\$ 3,222
Accrued payroll	680	5,699	-	-	6,379
Accrued payroll taxes	52	234	-	-	286
Due to general fund	-	-	-	71	71
Deferred revenue	2,473	15,000	-	-	17,473
Total liabilities	3,205	24,155	-	71	27,431
Fund balance					
Reserved for cemetery perpetual care	-	-	14,209	-	14,209
Unreserved	9,719	-	-	-	9,719
Designated for capital improvements	254,574	207,276	-	-	461,850
Undesignated	264,293	207,276	14,209	-	485,778
Total fund balance	267,498	231,431	14,209	71	513,209
Total liabilities and fund balance	\$ 267,498	\$ 231,431	\$ 14,209	\$ 71	\$ 513,209

See Accompanying Notes to Financial Statements

Richland Township
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
All Governmental Funds
For the Year Ended March 31, 2004

	Governmental Funds		Total (Memorandum only)
	General	Special Revenue	
Revenues			
Taxes	\$ 37,969	\$ 76,358	\$ 114,327
Special assessments	15,787	-	15,787
Licenses and permits	1,800	-	1,800
State revenue sharing	213,767	28,165	241,932
Charges for services and rentals	24,931	14,288	39,219
Interest	1,368	168	1,536
Other	3,416	3,178	6,594
Total revenues	<u>299,038</u>	<u>122,157</u>	<u>421,195</u>
Expenditures			
Legislative	4,800	-	4,800
General government	181,690	-	181,690
Public safety	9,894	64,281	74,175
Public works	146,783	-	146,783
Culture and recreation	-	80,502	80,502
Total expenditures	<u>343,167</u>	<u>144,783</u>	<u>487,950</u>
Deficiency of revenues over expenditures	(44,129)	(22,626)	(66,755)
Other financing sources			
Operating transfers in	<u>328</u>	<u>-</u>	<u>328</u>
Deficiency of revenues and other financing sources	(43,801)	(22,626)	(66,427)
Fund balance, beginning of year	<u>308,094</u>	<u>229,902</u>	<u>537,996</u>
Fund balance, end of year	<u>\$ 264,293</u>	<u>\$ 207,276</u>	<u>\$ 471,569</u>

See Accompanying Notes to Financial Statements

Richland Township
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
All Governmental Funds
For the Year Ended March 31, 2004

	General Fund			Special Revenue Fund		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenues						
Taxes	\$ 34,200	\$ 37,969	\$ 3,769	\$ 65,800	\$ 76,358	\$ 10,558
Special assessments	-	15,787	15,787	-	-	-
Licenses and permits	1,900	1,800	(100)	-	-	-
State revenue sharing	220,000	213,767	(6,233)	28,800	28,165	(635)
Charges for services and rental	22,500	24,931	2,431	15,200	14,288	(912)
Interest	2,700	1,368	(1,332)	300	168	(132)
Other	3,100	3,416	316	3,800	3,178	(622)
Total revenues	284,400	299,038	14,638	113,900	122,157	8,257
Expenditures						
Legislative	4,800	4,800	-	-	-	-
General government	222,563	181,690	(40,873)	-	-	-
Public safety	12,100	9,894	(2,206)	55,100	64,281	9,181
Public works	133,300	146,783	13,483	-	-	-
Culture and recreation	-	-	-	71,515	80,502	8,987
Total expenditures	372,763	343,167	(29,596)	126,615	144,783	18,168
Excess (deficiency) of revenues over expenditures	(88,363)	(44,129)	44,234	(12,715)	(22,626)	(9,911)
Other financing sources						
Operating transfers in	500	328	(172)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	(87,863)	(43,801)	44,062	(12,715)	(22,626)	(9,911)
Fund balance, beginning of year	308,094	308,094	-	229,902	229,902	-
Fund balance, end of year	\$ 220,231	\$ 264,293	\$ 44,062	\$ 217,187	\$ 207,276	\$ (9,911)

See Accompanying Notes to Financial Statements

Richland Township
Statement of Revenues, Expenses and
Changes in Fund Balance
Perpetual Care Nonexpendable Trust Fund
For the Year Ended March 31, 2004

Revenues	
Perpetual care	\$ 75
Interest	<u>328</u>
Total revenues	403
Operating transfers out	<u>(328)</u>
Net income	75
Fund balance, beginning of year	<u>14,134</u>
Fund balance, end of year	<u>\$ 14,209</u>

See Accompanying Notes to Financial Statements

Richland Township
Statement of Cash Flows
Perpetual Care Nonexpendable Trust Fund
For the Year Ended March 31, 2004

Cash flows from operating activities	
Net income	\$ 75
Cash flows from noncapital financing activities	
Transfer to other funds	(328)
Cash flows from investing activities	
Receipt of interest	<u>328</u>
Net increase in cash and equivalents	75
Cash and cash equivalents, beginning of year	<u>14,134</u>
Cash and cash equivalents, end of year	<u>\$ 14,209</u>

See Accompanying Notes to Financial Statements

Richland Township
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township is incorporated and is located in Montcalm County, Michigan. The Township operates under a township board comprised of five (5) members and provides services to its approximately 2,350 residents in many areas including public safety, highways and streets, sanitation, culture-recreation, public improvements and general administrative services.

(a) REPORTING ENTITY

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Township is the primary government which has oversight responsibility and control over all activities. The Township receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township (the primary government) and does not include any other component within its general purpose financial statements.

(b) FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped as follows in the financial statements.

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUND

TRUST FUND

The Fiduciary Fund is used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a Nonexpendable Trust Fund or an Expendable Trust Fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the Trust principal.

(c) BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Richland Township
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (concluded)

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined. "Available" is defined as being collectible within 60 days of the year end. Expenditures are generally recognized when the related fund liability is incurred.

The Nonexpendable Trust Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

(d) PROPERTY TAX REVENUES

The property tax levy runs from December 1 to November 30. Property taxes become a lien on the first day of the levy year and are due on or before March 1. Real property taxes uncollected as of March 1 are purchased by the County of Montcalm and remitted to the Township. Collection of delinquent personal property taxes remain the responsibility of the Township Treasurer.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. Property taxes not deemed collectible within this period are recorded as deferred revenue.

The assessed Taxable Value for the Township for the 2003 tax levy is as follows:

Real and Personal Property	\$ 42,415,465
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The Township levied millage for taxes as follows:

General Operating	.8967 Mills
Fire Protection	.9915 Mills

(e) BUDGETS AND BUDGETARY ACCOUNTING

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Supervisor submits to the Township Board a proposed budget prior to the annual meeting in March. The budget includes proposed expenditures and means of financing them.
2. A public hearing is conducted at the annual meeting in March to obtain taxpayer comments. The budget is approved by the Township Board prior to March 31.
3. The budget for all funds is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Appropriations lapse at year end.
5. Budgeted amounts are as originally adopted and subsequently amended by the Township Board.

(f) STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Richland Township
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

(g) DUE FROM EMPLOYEES

The Township's pension plan requires the annual contribution to be made on the plan anniversary date July 1. The mandatory employee contribution is paid by the Township and collected through payroll deductions prior to the next anniversary date.

(h) PREPAID EXPENSES

It is the policy of the Township not to record prepaid expenses. This treatment does not materially affect the financial statements when taken as a whole.

(i) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

(j) ENCUMBRANCES

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

(k) TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(l) FUTURE CHANGES IN ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This new reporting standard will impact the Township's revenue and expenditure recognition; and assets, liabilities and fund equity reporting. The new standard will also require reformatting of the financial statements and restating beginning balances. The Township is required to implement the new reporting model for the fiscal year ending March 31, 2005. Due to the significance of the changes required, it is not possible to present pro-forma data prior to implementation.

NOTE 2 - CASH AND INVESTMENTS

The Township follows the practice of pooling cash of all funds in a common checking account. Each fund's share of the cash balance is reported separately. The method of allocating interest earned on pooled cash provides that, unless otherwise restricted, all interest is recorded in the General Fund. The Township's investments are in certificates of deposit. Interest earned on investments is recorded in the fund owning the investment.

Richland Township
Notes to Financial Statements
March 31, 2004

NOTE 2 – CASH AND INVESTMENTS (concluded)

The carrying amount of the Township's deposits with financial institutions (excluding imprest cash of \$ 100) was \$ 405,084. This amount is classified as cash and cash equivalents. At year end, bank deposits amounted to \$ 307,592. Of that amount, \$ 100,229 was covered by federal depository insurance and \$ 207,363 was uninsured and uncollateralized.

The above investments complied with the State of Michigan Public Act 196 of 1997.

NOTE 3 - FUND BALANCES

The unreserved fund balance for governmental funds represents the amount available for budgeting future operations. The reserved fund balance for governmental and nonexpendable trust fund represents the amount that has been legally identified for specific purposes. The designated fund balances for governmental funds represent the amounts earmarked by the Township Board for future projects. These designations differ from reservations of fund balance because the Board may undesignate such funds making them available for general operations.

NOTE 4 - PENSION PLAN

The Township has established a defined contribution pension plan covering all elected officials and firemen. Each employee must contribute 7.5% of his or her annual compensation to the pension plan. The Township is required to contribute an amount equal to 7.5% of the employee's annual compensation. Contributions made by both the employee and employer vest immediately. The total cost to the Township for the year ended March 31, 2004 was \$ 7,120.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

NOTE 5 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets, errors and omissions, and natural disasters for which the government carries commercial insurance.

NOTE 6 - RELATED PARTY TRANSACTIONS

In the course of operations, the Township has engaged in certain related party transactions. Procedures for related party transactions include obtaining competitive bids, board discussion and approval (with the exclusion of the related party), and disclosure in the financial statements, if material. For the year ended March 31, 2004, related party transactions were not material to the financial statements taken as a whole.

Richland Township
Notes to Financial Statements
March 31, 2004

NOTE 7 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local government unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Township incurred expenditures in the General and Special Revenue Funds in excess of the amount appropriated as follows:

<u>FUND</u>	<u>Total Appropriation</u>	<u>Amount Expended</u>	<u>Unfavorable Variance</u>
General Fund			
Public Works	133,300	146,783	13,483
Special Revenue			
Public Safety	55,100	64,281	9,181
Culture and recreation	71,515	80,502	8,987

Richland Township
General Fund
Statement of Expenditures - Budget and Actual

	For the Year Ended March 31, 2004		
	Budget	Actual	Over (Under) Budget
Legislative			
Township board	\$ 4,800	\$ 4,800	\$ -
General government			
Supervisor	8,400	8,400	-
Elections	6,300	-	(6,300)
Assessor	17,000	16,000	(1,000)
Clerk	11,100	9,705	(1,395)
Town hall	36,200	17,265	(18,935)
Board of Review	600	480	(120)
Treasurer	12,706	12,818	112
	<u>92,306</u>	<u>64,668</u>	<u>(27,638)</u>
Cemetery			
Salaries	24,000	20,035	(3,965)
Operating supplies	2,500	2,616	116
Repairs and maintenance	3,000	3,644	644
Contracted services	1,000	308	(692)
Mileage	1,200	1,200	-
Insurance	4,000	2,478	(1,522)
Utilities	400	244	(156)
Improvements	42,687	42,687	-
Telephone	1,200	1,515	315
Membership and dues	450	-	(450)
Capital outlay	3,500	3,461	(39)
Miscellaneous	300	55	(245)
Total cemetery	<u>84,237</u>	<u>78,243</u>	<u>(5,994)</u>
Unallocated - operations			
Supplies and postage	4,500	8,673	4,173
Printing	750	-	(750)
Insurance	15,000	10,085	(4,915)
Telephone	1,420	1,532	112
Tax billing	4,000	4,761	761
Professional services	9,600	3,512	(6,088)
Memberships and dues	1,200	1,382	182
Other	1,000	1,223	223
Capital outlay	1,200	-	(1,200)
Total unallocated - office operation	<u>38,670</u>	<u>31,168</u>	<u>(7,502)</u>

Richland Township
General Fund
Statement of Expenditures - Budget and Actual

	For the Year Ended March 31, 2004		
	Budget	Actual	Over (Under) Budget
Unallocated - other			
Payroll taxes	\$ 3,350	\$ 3,293	\$ (57)
Travel	400	194	(206)
Pension	3,600	4,124	524
Total unallocated - other	7,350	7,611	261
Total general government	222,563	181,690	(40,873)
Public safety			
Zoning	12,100	9,894	(2,206)
Public works			
Street lighting	3,700	3,471	(229)
Road maintenance	16,600	16,520	(80)
Contract service	110,000	108,432	(1,568)
Drains at large	500	306	(194)
Sanitation and snow removal	1,000	908	(92)
Weed assessment	-	15,787	15,787
Recycle	1,500	1,359	(141)
Total public works	133,300	146,783	13,483
Total expenditures	\$ 372,763	\$ 343,167	\$ (29,596)

Richland Township
Special Revenue Funds
Combining Balance Sheet
March 31, 2004

	Fire Protection	Library	Total
Assets			
Cash and cash equivalents	\$ 89,448	\$ 98,558	\$ 188,006
Taxes receivable	6,987	34,373	41,360
Accounts receivable	-	1,640	1,640
Due from employees	425	-	425
Total assets	\$ 96,860	\$ 134,571	\$ 231,431
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 1,983	\$ 1,239	\$ 3,222
Accrued payroll	2,335	3,364	5,699
Accrued payroll taxes	-	234	234
Deferred revenue	15,000	-	15,000
Total liabilities	19,318	4,837	24,155
Fund balance			
Undesignated	77,542	129,734	207,276
Total liabilities and fund balance	\$ 96,860	\$ 134,571	\$ 231,431

Richland Township
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended March 31, 2004

	<u>Fire Protection</u>	<u>Library</u>	<u>Total</u>
Revenues			
Taxes - current and deferred	\$ 41,985	\$ 34,373	\$ 76,358
State revenue sharing	-	2,820	2,820
Contributions from local units	-	25,345	25,345
Charges for services and rentals	10,000	4,288	14,288
Interest	147	21	168
Other	879	2,299	3,178
Total revenues	<u>53,011</u>	<u>69,146</u>	<u>122,157</u>
Expenditures			
Public safety	64,281	-	64,281
Culture and recreation	-	80,502	80,502
Total expenditures	<u>64,281</u>	<u>80,502</u>	<u>144,783</u>
Deficiency of revenues over expenditures	(11,270)	(11,356)	(22,626)
Fund balance, beginning of year	<u>88,812</u>	<u>141,090</u>	<u>229,902</u>
Fund balance, end of year	<u>\$ 77,542</u>	<u>\$ 129,734</u>	<u>\$ 207,276</u>

Richland Township
Fire Protection Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

	For the Year Ended March 31, 2004		
	Budget	Actual	Over (Under) Budget
Revenues			
Property taxes - current	\$ 36,800	\$ 41,985	\$ 5,185
Contracted fire protection	10,000	10,000	-
Interest	200	147	(53)
Miscellaneous	2,000	879	(1,121)
Total revenues	49,000	53,011	4,011
Expenditures			
Public safety			
Salaries and wages	16,500	26,212	9,712
Equipment	6,500	4,934	(1,566)
Improvements	11,000	608	(10,392)
Supplies	8,000	10,743	2,743
Utilities	3,000	2,839	(161)
Repairs and maintenance	6,000	7,005	1,005
Insurance	2,500	8,131	5,631
Transportation	-	44	44
Telephone	-	503	503
Miscellaneous	500	103	(397)
Membership dues	-	163	163
Pension	1,100	2,996	1,896
Total expenditures	55,100	64,281	9,181
Deficiency of revenues over expenditures	(6,100)	(11,270)	(5,170)
Fund balance, beginning of year	88,812	88,812	-
Fund balance, end of year	\$ 82,712	\$ 77,542	\$ (5,170)

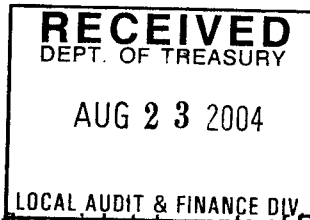
Richland Township
Library Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

	For the Year Ended March 31, 2004		
	Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ 29,000	\$ 34,373	\$ 5,373
State shared revenue	3,800	2,820	(980)
Penal fines	25,000	22,278	(2,722)
Rennisance	-	3,067	3,067
Rentals	5,200	4,288	(912)
Interest	100	21	(79)
Other	1,800	2,299	499
Total revenues	64,900	69,146	4,246
Expenditures			
Culture and recreation			
Salaries and wages	39,500	38,658	(842)
Payroll taxes	3,300	3,072	(228)
Books, periodicals and videos	14,200	12,042	(2,158)
Membership dues	3,000	2,497	(503)
Professional services	-	300	300
Insurance	2,500	5,136	2,636
Utilities	2,200	2,229	29
Transportation	300	208	(92)
Telephone	2,215	1,863	(352)
Supplies	2,800	8,704	5,904
Miscellaneous	1,000	203	(797)
Improvements	-	459	459
Repairs and maintenance	500	5,131	4,631
Total expenditures	71,515	80,502	8,987
Deficiency of revenues over expenditures	(6,615)	(11,356)	(4,741)
Fund balance, beginning of year	141,090	141,090	-
Fund balance, end of year	\$ 134,475	\$ 129,734	\$ (4,741)



June 8, 2004

To the Township Board
Richland Township
Montcalm County, Michigan



In planning and performing our audit of the financial statements of Richland Township for the year ended March 31, 2004, we considered the Township's internal control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. As a result of the aforementioned study, we became aware of the following matters that are an opportunity for strengthening internal control and operating efficiency. The following summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 8, 2004 on the financial statements of Richland Township.

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

CASH MANAGEMENT

During the audit, we noted a few instances where there was only one signature on the disbursement check. The townships policy is to have dual signatures on all checks. We recommend that the clerk and treasurer sign all checks. The clerk should sign the check after she prepares it. Once it is approved by the board, the treasurer should sign the check and mail it to the vendor.

We would also recommend that the Supervisor open the bank statements every month to review the cleared checks and any transfers before the clerk or the treasurer prepare the monthly bank reconciliations.

GASB 34 – NEW REPORTING MODEL

The Government Accounting Standards Board has issued GASB 34 "Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments." The pronouncement will have a significant impact on external reporting. Changes to the audited financial statements will include the following:

Management's discussion and analysis, including a narrative introduction and analytical overview of the financial information;

Presentation of the final amended budget, along with the original budget; and

Recognition of all fixed assets with an initial value per item, including infrastructure. All fixed assets will be recorded at historical value and depreciated over the assets useful life.

It will be effective for the fiscal year ending March 31, 2005.

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We will review the status of these comments during our next audit engagement. We will be happy to discuss with you, at your convenience, any accounting or reporting issues for which you would like additional information or guidance. We are grateful for the opportunity to be of service to the Township and would appreciate any referrals or recommendations you might have for ways that we can improve our service to you.

Sincerely,

YEO & YEO, P.C.
CPAs and Business Consultants

By Thomas E. Coulter
Thomas E. Coulter, CPA